

**AUGUST 19, 2015**

**CARE ASSIGNS 'CARE BB-' AND 'CARE A4' RATINGS TO THE BANK FACILITIES OF  
CEIGALL INDIA LIMITED**

**Ratings**

| Facilities                 | Amount<br>(Rs. Crore)                                | Ratings <sup>1</sup>                 | Remarks  |
|----------------------------|------------------------------------------------------|--------------------------------------|----------|
| Long term Bank Facilities  | 7                                                    | <b>CARE BB-<br/>(Double B Minus)</b> | Assigned |
| Short term Bank Facilities | 26                                                   | <b>CARE A4<br/>(A Four)</b>          | Assigned |
| <b>Total Facilities</b>    | <b>33</b><br><b>(Rupees Thirty Three crore only)</b> |                                      |          |

**Rating Rationale**

The ratings assigned to the bank facilities of Ceigall India Limited (CIL) are constrained by modest scale of operations, leveraged capital structure and its presence in highly competitive and tender-driven construction industry. The ratings, however, draw comfort from experienced promoters, comfortable profitability margins with moderate debt coverage indicators. The ratings further derive strength from moderate order book and positive outlook of the construction industry. The ability of the company to increase its scale of operations while maintaining profitability margins along with improvement in capital structure shall be key rating sensitivities. Completion of the projects within time and cost estimates shall also be a key rating sensitivity.

**Background**

CIL was initially established as a private limited company in July 2002 under the name Ceigall Builders Private Limited by Mr Mohinder Pal Singh and his family members. Later on, in February 2011, the company changed its constitution to public limited company and also the name was changed to present one. CIL is engaged in construction of road, bridges, flyovers and other civil works in Punjab and Haryana. CIL is registered as a "First class" contractor with Public Works Department of Punjab and secures its contracts through competitive bidding process. In past, the company has completed majority of projects for PWD (Punjab), NHAI (National Highway Authority of India), CONCOR (Container Corporation of India Limited), PSIECL (Punjab Small Industries & Export Corporation), PWD, Haryana and GLADA (Grater Ludhiana Area Development Authority).

For FY15 (refers to the period April 01 to March 31), CIL reported a total income of Rs.75.70 crore with PAT of Rs.2.21 crore, as against the total income of Rs.49.96 crore with PAT of Rs.1.77 crore in FY14.

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**\*\*For detailed Rationale Report and subscription information, please contact us at [www.careratings.com](http://www.careratings.com)**

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<sup>1</sup> Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publications

**Disclaimer:** CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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**CIN - L67190MH1993PLC071691**